



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

STATE OF CALIFORNIA ♦ OFFICE OF GOVERNOR EDMUND G. BROWN JR.

Office of Small Business Advocate, Made in California Program & Permit Assistance Program Annual Report to the Governor and Legislature October 2016 - September 2017

Pursuant to Sections 12097(d), 12098.4(b), and 12098.10(g) of the Government Code

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Overview

Annual reports are required to the Governor and the Legislature for the Office of Small Business Advocate (OSBA), the Made in California Program, and the Permit Assistance Program, pursuant to Government Code Sections 12097(d), 12098.4(b), and 12098.10(g) respectively. This combined report provides the following information:

- OSBA
 - Activities and priorities of the office.
- Made in California
 - Expenditures, progress, and ongoing priorities of the program.
- Permit Assistance
 - Activities of the office.

This combined report describes progress and accomplishments for the period covering October 1, 2016 to September 30, 2017.

Office of Small Business Advocate

California Small Business Data and Trends

California small businesses constitute close to 13% of all small businesses in the United States, according to the “2017 California Small Business Profile¹” published by the United States Small Business Administration (SBA). California has 3.8 million small businesses, which in turn employ 6.8 million workers in the state (49.2 percent of the state’s total workforce). Small businesses are also a key driver of California’s exports. Over 75,000 small businesses engage in exporting, generating 43.4% of California’s \$158.3 billion in total known exports. California has the most small businesses of any state or territory in the country, outpacing Texas (2.6 million), Florida (2.4 million), and New York (2.1 million). The SBA generally defines a small business as meeting the following criteria: 500 employees for most manufacturing and mining industries and \$7.5 million in average annual receipts for many nonmanufacturing industries².

In addition, the Ewing Marion Kauffman Foundation, a worldwide leader in the study of entrepreneurship, reports in its annual index for [StartUp Activity](#):

StartUp Activity

- California ranks first in terms of startup activity for the 25 largest states in the country – up two ranks from its position in 2016.
- California has 89.6 startups for every 1,000 employer firms.
- Among the 25 largest states, California leads in rate of new entrepreneurs with 420 of every 100,000 adults becoming an entrepreneur per month.

¹ <https://www.sba.gov/sites/default/files/advocacy/California.pdf>

² <https://www.sba.gov/content/summary-size-standards-industry-sector>

Office of Small Business Advocate Structure and Focus Areas

The OSBA operates as a unit within the Governor's Office of Business and Economic Development (GO-Biz). The roles and responsibilities for the office are described in Government Code Sections 12098-12098.9. As stated in the statute:

(a) The Legislature finds and declares that it is in the public interest to aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise and maintain a healthy state economy.

(b) In order to advocate the causes of small business and to provide small businesses with the information they need to survive in the marketplace, there is created within the Governor's Office of Business and Economic Development the Office of Small Business Advocate.

The OSBA has four primary focus areas: Advocacy, Information Gathering/Dissemination, Agency Coordination, and Business Assistance.

2016-2017 OSBA Accomplishments

During the reporting period, the OSBA centered its work around the unit's four focus areas.

Advocacy

The OSBA engages with policymakers, small business stakeholders, and the small business community at large throughout the year to understand small business concerns and explore potential solutions to small business issues. During the preceding year, the OSBA commissioned a statewide series of small business forums with legislators. These events primarily focused on programs and services offered by GO-Biz for small business and included additional speakers, such as other state agencies or local resources for small business, as needed. During this reporting period, the OSBA conducted seven additional forums as a follow-up to the previous year's event series. These forums were held in partnership with the following legislators:

Senator Richard Roth, Senate District 31
Senator Tony Mendoza, Senate District 32
Assemblymember Bill Quirk, Assembly District 20
Assemblymember Tom Lackey, Assembly District 36
Assemblymember Reggie Jones-Sawyer Assembly District 59
Assemblymember Sabrina Cervantes, Assembly District 60
Assemblymember Sharon Quirk-Silva, Assembly District 65

Information Gathering/Dissemination

In total, the OSBA produced or had speaking roles in 77 events, including the above-mentioned small business forums with legislators. The events included the following:

California Small Business Month - May 2017



Pictured from left to right: California Small Business Advocate Jesse Torres, Assemblymember Sharon Quirk-Silva, California Community Colleges Vice Chancellor Van Ton-Quinlivan, Aloha Products Co-Founder Jared Hill, Senator Toni Atkins, GO-Biz Director Panorea Avdis, Preservation and Co. Founder Jason Poole, Assemblymember Eduardo Garcia and New Helvetia Brewing Founder David Gull

Since 2013, California Governor Edmund G. Brown, Jr. has declared the month of May as California Small Business Month and recognized the importance of small business and entrepreneurs to the state. To commemorate California Small Business Month, the OSBA hosted a series of small business forums and webinars for the benefit of the small business community throughout the month of May.

California Small Business Month Events/Workshops

- **California Small Business Month Kick Off Press Conference** - State Capitol, South Steps. The OSBA organized and led a press conference to kick off California Small Business Month. As part of the event, the OSBA featured the first CA Made licensee and the new Jumpstart Loan Program from the California Infrastructure and Economic Development Bank (IBank). In addition, California Community Colleges announced the Self-Employment Pathways in the Gig Economy Program. The event was hosted by GO-Biz.
- **Cybersecurity for Your Small Business** - Los Angeles. Co-hosted with the United States Secret Service, Bixel Exchange, and Scale LA, this workshop focused on best practices on protecting small businesses from cybersecurity threats. Featuring a panel of experts in cybersecurity, small business, and technology, the forum provided actionable steps on how to mitigate a business' cybersecurity risk.
- **Disaster Preparedness for Your Small Business** - Oakland. This event provided information on state and federal disaster planning and preparedness efforts for small businesses and communities and how to get involved with response and recovery efforts when a disaster occurs.

- **Small Business American Disability Act (ADA) Compliance Workshop** - Modesto. This event consisted of a workshop for local small businesses on ADA compliance requirements and the various programs and services that are available to help business owners. The workshop featured a panel presentation moderated by the OSBA and featured leadership from the California Commission on Disability Access, the California Division of State Architects, and the area's Small Business Development Center (SBDC), Valley Sierra SBDC.

California Small Business Month Webinars

- **Access to Capital** – A discussion on how small businesses can overcome the hurdle of accessing capital by utilizing the programs available through IBank's Small Business Finance Center.
- **Incentives and Tax Credits** – An overview of the incentive programs offered by the State of California to encourage business development in California, including GO-Biz's California Competes Tax Credit.
- **International Trade** – Information on export-related services, financing, and programs offered by the state and federal government, including grants for trade/export promotion available under the State Trade and Export Promotion (STEP) Program for small businesses.
- **Navigating the California Business Portal** – The California Business Portal provides information to business owners on starting a new business, permits and licenses, incentives, local resources and more. A digital overview of the portal was provided by GO-Biz's Information Technology Department with a focus on how to use it to start or grow a business.
- **Starting a Business** – An overview on starting a business, including resources from local SBDCs.

General Small Business Events

The OSBA team produced or participated in a variety of small business-related events during the course of the reporting period. OSBA is regularly invited to participate in state, regional, and municipal economic development meetings to provide both a statewide perspective on small business issues and input on local small business challenges and opportunities. A partial list of events include:

- **Board of Equalization Veterans Small Business Seminar** – February 28, 2017 – Roseville. This event was organized by BOE Board Member George Runner to provide information to veterans about how to start or expand a small business. The OSBA staff spoke about the various resources available through GO-Biz and its partner agencies, including the California Competes Tax Credit, Permit Assistance Unit resources, and the California SBDC Network.
- **Board of Equalization Small Business Workshop** – March 15, 2017 – Salinas. This event was organized by BOE Board Member Fiona Ma to serve as an informative workshop for small businesses in rural areas. OSBA staff spoke about the resources available to small business owners through GO-Biz and other state programs.
- **City of Hawthorne Small Business Expo** – March 22, 2017 - Hawthorne. This event was in collaboration with the City of Hawthorne, South Bay Workforce Investment Board, Hawthorne City Chamber of Commerce, and Hawthorne Economic Development Council. OSBA staff conducted a workshop that covered business start-up requirements, the California Competes

Tax Credit, how to search for permit requirements in CalGOLD, veteran hiring incentives, and the Employment Training Panel program.

- **Board of Equalization, Small Business Workshop** – April 4, 2017 – Fairfield. This event was organized by BOE Board Member Fiona Ma to serve as an informational workshop for small business owners in the North Bay area. OSBA staff spoke about the various resources through GO-Biz, other state agencies, and the California SBDC Network.
- **Mother Lode Regional Trade Services Workshop** – June 7, 2017 – Sonora. This event was organized collaboratively between the Center for International Trade Development (CITD) and Rural County Representatives of California (RCRC). The purpose of the program was to provide information to business owners interested in exporting. OSBA staff spoke on a panel about financial resources available to business, such as credit enhancement programs.
- **California Cyber Innovation Challenge Day at the Capitol** – August 21, 2017 - Sacramento. In collaboration with the California Workforce Development Board, GO-Biz hosted a Student CyberChallenge Sacramento Day at the State Capitol that featured a delegation of student teams that participated in the 2017 California Cyber Innovation Challenge, including members of the 2017 Challenge Championship team from North Hollywood and the all-female team from Moreno Valley. The objective of the day was to showcase the importance and outcomes of the Cyber Challenge curriculum as a career pathway and student empowerment for today's youth. Despite the long day for the participating students and their chaperones, the feedback from the participating teams was positive, as was the feedback from the elected officials and state agency representatives who had an opportunity to recognize the students or interact with them during the showcase in the Capitol. The OSBA was part of the GO-Biz team that administered the event.



Pictured: Students from California Cyber Innovation Challenge Day at the Capitol



Pictured: Assembly Member Jacqui Irwin with members of the all-female team from Moreno Valley

- **Small Business Resource Fair with Assemblymember Quirk-Silva**– August 25, 2017 – Buena Park. This event featured approximately 40 organizations and programs that offer resources and information for new and growing businesses in the Orange County area. The OSBA served as guest speaker and included an entrepreneurial panel and pop-up presentations on business development issues, such as how to use social media to build a customer base.
- **Fresno City and Firebaugh Business Community Outreach** - August 29, 2017 – Fresno. Organized by the Fresno Area Hispanic Foundation and GO-Biz, OSBA staff spoke in a panel presentation and provided an overview of GO-Biz services and resources available to the business community. The program included a discussion of how GO-Biz can serve as a partner to local businesses and assist with the challenges they face in the Central Valley.

The OSBA continues to utilize its own email distribution list to engage with the small business community and keep them informed of upcoming events. The current distribution list has close to 3,000 contacts and is included as part of the larger GO-Biz distribution list. The OSBA is also active on social media and posts information on OSBA and GO-Biz activities and news on Twitter, Facebook, and LinkedIn.

Agency Coordination

The OSBA, in partnership with the GO-Biz Permit Assistance Unit, manages an Interagency Working Group that convenes small business officers and advocates from various state agencies to focus on business utilization of the California Business Portal, an online tool that was developed by GO-Biz in partnership with the CA Department of Technology's Leadership Academy, to consolidate business and compliance information from multiple federal, state, and local governments. The Interagency Working Group maintains four subcommittees:

1. Regulations, Permits, Compliance
2. Incentives
3. Workforce

4. Procurement

Each subcommittee works to update and maintain content on the California Business Portal pages that pertain to those focus areas and find additional ways to collaborate.

The OSBA regularly participates in a number of different groups managed by different agencies, including the Department of General Services- Small Business Council Meeting, CalTrans Small Business Council Meeting, and the Taxpayer Advocates Quarterly Meeting, a convening of taxpayer advocates from the Franchise Tax Board, California Department of Fee and Tax Administration, Employment Development Department, and the Internal Revenue Service. The Small Business Advocate also regularly meets with the small business advocates within other agencies to discuss programmatic issues and identify ways to collaborate.

Business Assistance

In addition to managing two core business assistance programs, the OSBA collaborates with the different units of GO-Biz to provide assistance to the state's small businesses. Here are just two examples of these collaborative efforts in the past year:

- **Netherland's e-Mobility Briefing** – January 18, 2017 – San Jose. Hank Kamp, the Netherland's Minister of Economic Affairs and the delegation of 75 e-mobility companies visited California. The Netherlands (and other European countries) often use the term e-mobility to encompass zero-emission, autonomous, and/or shared transportation. OSBA, along with representatives from GO-Biz's California Business and Investment Services (CalBIS) Unit and Zero Emission Vehicles (ZEV) Unit spoke to the group about the state's ZEV infrastructure and industry incentives. The discussion primarily focused on the state's efforts to support ZEVs.
- **South Korean Professional Delegation** – March 23, 2017 – Sacramento. The Northern California World Trade Center hosted a group of six professionals from South Korea. These visitors were invited to the United States under the auspices of the United States Department of State on a 3-week International Visitor Leadership Program on the topic of Regulatory Reform. The project examined regulatory reform best practices, including leadership, regulations, and standards. Staff from the OSBA and GO-Biz's International Affairs and Business Development Unit met with the delegation and provided an overview of GO-Biz, including an in-depth look at the OSBA and small business regulation in the State of California.

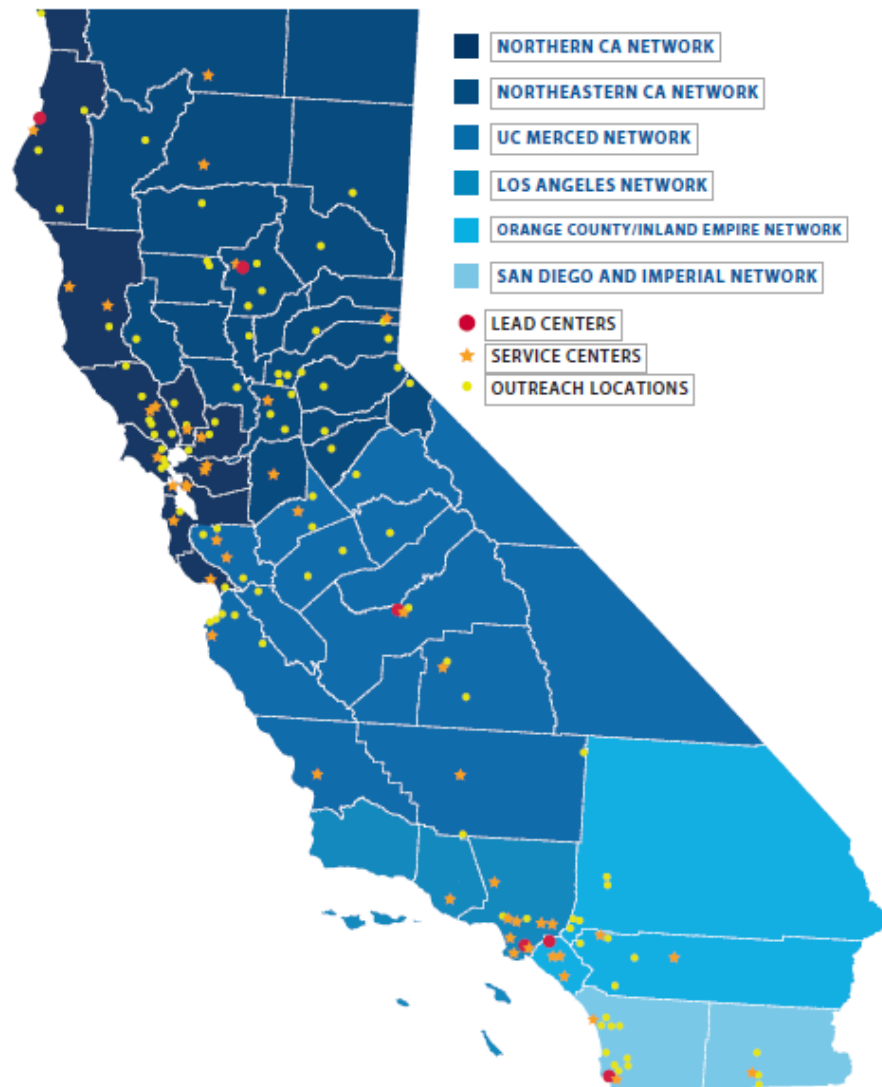
Capital Infusion Program

The OSBA oversees the Capital Infusion Program (CIP), which provides competitive grant funding to the California SBDC Network, the largest technical assistance program for small businesses in California. The California SBDC Network is comprised of six regional networks, each having one administrative hub or "Lead Center" and a network of SBDC sub-centers. The CIP is aimed at helping SBDCs to expand their one-to-one, no-cost, confidential consulting to help small business owners attain loans or investor capital, understand and resolve credit-readiness issues, and develop funding strategies for business expansion or startup.

A breakdown of funding and total grantees (SBDC centers) by year is below.

Grant Year	Available Funding	Number of Grantees
2014-15	\$2.0 million	34
2015-16	\$2.0 million	41
2016-17	\$1.5 million	41
2017-18 (in progress)	\$3.0 million	42

California Small Business Development Center Network Service Areas



Funds are matched 1:1 by the SBA. The OSBA administers the program and oversees all aspects including program management, compliance, and performance progress and outcomes. The following are two charts showing statewide funding and results for CIP during its first three years and results by region in 2016-17.

Statewide Program Funding and Results to Date

Fiscal Year	State Dollars Committed	Capital Infusion Generated	Clients Served
2014-15	\$2,000,000	\$202,645,465	10,053
2015-16	\$2,000,000	\$173,856,832	10,251
2016-17	\$1,500,000	\$263,314,473	11,728

2016-17 Statewide Results by Region

Region	Capital Infusion	Clients Consulted
Los Angeles	\$31,183,073	2,515
Northeastern CA	\$26,605,352	1,400
Northern CA	\$28,447,577	2,163
Orange County/Inland Empire	\$122,034,575	1,455
San Diego and Imperial	\$22,436,092	2,672
UC Merced (Central California)	\$32,607,804	1,523
Total	\$263,314,473	11,728

A sampling of CIP success stories and the diversity of clients and capital infusion milestones are as follows:

Grantee: Inland Empire SBDC

Excel Poly
Perris, CA

Excel Poly came to Inland Empire SBDC to obtain a loan to develop a new plastic molding factory. Banks were not interested in the project, mainly because it consisted of a start-up business. Inland Empire SBDC staff assessed his financial situation and helped him prepare a loan package consisting of a business plan and projections, factory location choices, lease signing, as well as all the required forms and supporting documentation. As a result, in December 2016 Excel Poly was approved for a 7(a) SBA loan in the amount of \$250,000 and was funded in April 2017. The factory was set up and started to ship orders in May 2017. Four jobs have been created to-date.

Grantee: North Coast SBDC

Natural Decadence
Eureka, CA

Natural Decadence, a women-owned gluten-free bakery, needed financing to upgrade and expand their production line. North Coast SBDC assisted the two owners in developing a business model that included financial tracking, a marketing plan, a business management plan, and realignment of

operations. The owners have since secured over \$550,000 in bank and private loans to purchase new equipment and an integrated manufacturing software program that will help them fulfill increasing orders without compromising their delivery rate. The company now employs 15-18 people and has increased sales by over 60% in new states and with new clients, including Whole Foods and Natural Grocers in California, Oregon, Washington, Nevada, Arizona, and Hawaii.

Grantee: Capital Region SBDC

*M and M Senior Living
Orangevale, CA*

M and M Senior Living is an assisted living facility with 16 private rooms and 24-hour assistance provided by five caregivers. It allows residents to age-in-place and offers an alternative to Hospice for individuals unable to remain at home. Capital Region SBDC assisted the new owners finance a \$2 million loan to purchase the business by helping the new owners develop financial projections and assemble a loan package. The new owners now have 8 full-time employees and 1 part-time employee and plan to increase staffing in the coming years.

Grantee: San Diego & Imperial SBDC

*CM Solar Electric
San Diego, CA*

CM Solar Electric provides solar and electric service to residential and commercial customers. In 2012, after 15 years of working as a solar and electric installer, Carlos Melendez left to start his own company. Unable to obtain financing, Melendez turned to the SBDC for help. After obtaining the needed financing, the company was able to purchase solar panels in advance at steeply discounted rates. Since then, sales have doubled from \$1.5 million to \$3 million and 10 new jobs have been created. Melendez praised the SBDC for its support: "My company has been completely transformed with the incredible support and guidance I received from the SBDC."



Pictured: The CM Solar Electric Team

Made in California (CA Made)

Overview

In 2013, Governor Brown signed Senate Bill 12 (Corbett, Chapter 541, Statutes of 2013), which created within GO-Biz the Made in California Program (“CA Made”). CA Made is a state labeling program designed to encourage consumer product awareness and to promote the purchase of products manufactured in California. The OSBA is responsible for administering the program.

In order for a manufacturer to participate in CA Made, they must meet the following requirements:

- 51% or more of a product’s value added must be from California.
- The finished product must be able to lawfully use a “Made in U.S.A.” label pursuant to Section 17533.7 of California’s Business and Professions Code.
- Agricultural products subject to Buy California program are excluded.
- A third-party certification is required at least once every three years.

As defined in Government Code Section 1298.10(e)(3) a qualified third-party certifier is an “individual, group, or association that possesses a professional license, certification, or other equivalent documentation indicating sufficient training, education, or expertise to perform a regulatory compliance audit.”

Progress to Date

On June 7, 2016, regulations for CA Made were approved and filed and an official webpage for CA Made was launched – www.camade.ca.gov. A digital advertising campaign was launched in late summer 2016 for the program that included both digital banner placements across a variety of manufacturing, small business and business publication websites, and promotion on major social media platforms. In addition, OSBA staff incorporated CA Made information as part of its small business forums and stakeholders meetings that it conducted across the state. The promotional efforts generated attention and led prospective applicants to the website. During the marketing roll-out between August and December 2016, the CA Made website received over 6,200 page views during over 2,400 sessions from 1,844 unique users.

Despite GO-Biz’s promotional efforts, the OSBA has received only one complete application for the program since its launch. The complete application was approved in April 2017, resulting in the first and only CA Made licensee to date. In addition, only one organization has expressed interest in serving as a third-party certifier – TÜV Rheinland North America (TÜV). Due to the lack of interest by manufacturers, TÜV is now considering withdrawing from this role.

In order to better ascertain how best to move forward with the program, the OSBA launched a CA Made Focus Group series in 2016 to elicit feedback from manufacturers and manufacturing stakeholders about the program. Focus group sessions were held in December 2016 in Modesto, Chico, Torrance and San Diego. A majority of manufacturers expressed that third-party certification is impractical and that the costs related to the process are cost prohibitive. TÜV charges \$550 for firms with 0-99 employees and \$990 for firms with 100 or more employees, plus expenses associated with travel for on-site visits. In addition to these direct costs, manufacturers cited indirect costs associated with finding a third-party certifier, hosting on-site visits, and providing required documentation. Manufacturers in the focus groups also expressed concern about the risk of disclosing confidential information and uncertainty over who could perform the certification within their specific manufacturing sector besides TÜV.

In consideration of the above-mentioned challenges, the OSBA focused activities during the reporting period on increasing CA Made's value proposition to manufacturers by developing partnerships with other programs that support the state's manufacturers. The OSBA completed partnerships with the California Alternative Energy and Advanced Transportation Financing Authority and Employment Training Panel to post links to the CA Made website, collaborate in marketing, and provide company referrals. The OSBA is also in the process of developing an agreement with California Manufacturing Technology Consulting (CMTc) to offer CA Made licensees the additional benefits available through CMTc's Made in California program, such as business-to-business networking, technical assistance, and supplier scouting.

Expenditures

There were no program expenditures in 2016-17.

Office of Permit Assistance (OPA)

The Office of Permit Assistance (OPA) provides support to the business community by providing permitting and regulatory compliance assistance to individual businesses, working with regulating agencies to improve and streamline permitting and licensing processes, improving related processes that impact the business community and regulatory agencies, and providing mediation and 3rd-party facilitation to resolve conflicts between applicants and regulatory entities.

During the reporting period of October 1, 2016 – September 30, 2017 highlights of the OPA include:

- Organization and execution of 20 unique Lean 6-Sigma projects with the participation of six state agencies.
- Participation in the [Tree Mortality Task Force](#)³ and the Rural Economic Development Steering Committee⁴.
- Providing mediation services in over 21 individual cases.
- Participation in the Standardized Regulatory Impact Assessment (SRIA) for 6 Major Regulation proposals.
- In 2017, the California Secretary of State's Office's Digital Business Initiative was recognized by GO-Biz.
- Participation with the SB 859 Wood Products Report⁵.
- Rural Economic Development Outreach to rural communities that had high unemployment rates
- Overhaul of the online permit assistance tool, CalGOLD and merging it with the forms and fees schedule.

Significant Activities

Significant activities of the OPA for the reporting period of October 1, 2016 - September 30, 2017 in further detail are as follow:

³ The Tree Mortality Task Force is comprised of state and federal agencies, local governments, utilities, and various stakeholders that will coordinate emergency protective actions, and monitor ongoing conditions to address the vast tree mortality resulting from four years of unprecedented drought and the bark beetle infestations impacting across large regions of the State.

⁴ This Committee was established as a result of the SB 859 Legislative Report to enhance wood product development and use in California.

⁵ On September 14, 2016, Governor Brown signed Senate Bill 859 into law, which in part directed the Secretary of Natural Resources to, "...establish a working group on expanding wood product markets that can utilize woody biomass, especially biomass that is removed from high hazard zones..." and directed the working group to submit recommendation to the Legislature. GO-Biz Permits unit participated in providing feedback and is currently involved as a Steering Committee member for the purpose of providing input on market development opportunities for this sector.

Regulatory Compliance Assistance

The OPA staff assisted business owners in identifying the permits and other regulatory requirements needed to start a new business or expand an existing one. Businesses contact GO-Biz by phone or email, asking for assistance with identifying permits needed to start or expand. Staff will respond at first contact via email or phone to provide a list of regulatory entities and their requirements for businesses to check in with and application forms necessary to fill out. Staff will also coordinate pre-application meetings between business owners and appropriate regulatory agencies to bring more clarity on more complex permitting requirements.

Staff uses the California Business Portal Service Help Desk to track the Unit's daily service requests that are received and answered by staff.

- 2015 Year Service Request Totals: 885 (monthly average: 73.75)
- October 1st, 2016 – September 30th, 2017: 756 total (monthly average: 63)

Consolidating and Disseminating Information

California Online Permit Assistance Tool (CalGOLD)

The OPA is responsible for maintaining the California Online Permit Assistance Tool – CalGOLD (www.calgold.ca.gov). CalGOLD is an easy-to-use tool that allows businesses to search for permit requirements tailored to their business type and location in California. Search results are sorted by local, state, and federal requirements, and for each regulatory agency listed, contact information including physical address, web address, and telephone number is provided.

CalGOLD also includes a Forms and Fees Finder, developed and maintained by the department, to help businesses find application forms and associated fees. For next iteration of CalGOLD, the OPA and the IT unit have been meeting weekly to provide updated content and to refresh the interface so that it is a more streamlined user experience.

Website traffic for CalGOLD :

Page Views: 382,805

Unique Page Views: 161,964

Quick Start Guides

Quick Start Guides for common industry types have also been created to distribute to appropriate business owners to serve as reference tools. These guides are available on the California Business Portal at <http://businessportal.ca.gov/Business-Assistance/Start-a-Business/Business-Quick-Start-Guides>.

The Quick Start Guides are intended to be used as a one-stop guide for the most commonly asked about industry types, such as, restaurants, business consultants, building and engineering contracts, and non-profits, for a quick overview of federal, state and local filing requirements. For this reporting period, OPA staff added two new guides, and is in the process of finalizing an additional seven guides.

OPA staff added the following Quick Start Guides this year:

- Cottage Food Operation
<http://businessportal.ca.gov/Portals/0/Files/Quick%20Start%20Guides/QSG-Cottage-Food-Operation.pdf>

- Pet Sitting/ House Sitting
<http://businessportal.ca.gov/Portals/0/Files/Quick%20Start%20Guides/QSG-Pet-House-Sitting.pdf>

Mediation

OPA mediates disputes between business entities and regulating government agencies. Some cases are very complex and can take months to resolve, while others are resolved within a few weeks or days. OPA staff provided mediation related services throughout California during this reporting period. A sample of the range of industries and agencies involved is described below.

Industries Served	
Residential Development - San Diego <ul style="list-style-type: none"> ▪ Service provided: Permit Guidance ▪ Agencies involved: San Diego County 	<ul style="list-style-type: none"> ▪ Airline Startup - Location TBD Service provided: Permit Guidance ▪ Agencies involved: Caltrans and Federal Aviation Administration (FAA) Permits
Senior/Memory Care Facility - Santa Rosa <ul style="list-style-type: none"> ▪ Service provided: Code Interpretation ▪ Agencies involved: Building Standards Commission, State Fire Marshal, City of Santa Rosa 	Biotech Company - Lancaster <ul style="list-style-type: none"> ▪ Service provided: Permit Assistance ▪ Agencies involved: City of Lancaster (building permits)
Automotive Fueling Technology - Statewide <ul style="list-style-type: none"> ▪ Service provided: Mediation ▪ Agencies involved: CA Air Resources Board (vapor recovery certification) 	Biotech Expansion - Fremont <ul style="list-style-type: none"> ▪ Service provided: Permit Assistance ▪ Agencies involved: CA Department of Housing and Community Development (temporary construction trailer permit); City of Fremont (building permits)
Aircraft Manufacturer - Santa Ana <ul style="list-style-type: none"> ▪ Service provided: Resolved Permit Approval Issues ▪ Agencies involved: Caltrans 	Autonomous Vehicle Testing Facility – San Francisco <ul style="list-style-type: none"> ▪ Service provided: Mediation ▪ Agencies involved: Caltrans, District 4

<p>Health Facility - Sacramento</p> <ul style="list-style-type: none"> ▪ Service provided: Mediation ▪ Agencies Involved: Department of General Services, Department of Parks and Recreation, Bureau of Land Management 	<p>Cannabis Cultivator – California City</p> <ul style="list-style-type: none"> ▪ Service provided: Mediation and permit identification ▪ Agencies Involved: CA Department of Food & Agriculture, CA Department of Public Health, SWRCB
<p>Aquaculture – Kelp - Statewide</p> <ul style="list-style-type: none"> ▪ Service provided: Permit Guidance, Identification ▪ Agencies Involved: California Department of Fish & Wildlife, Coastal Commission 	<p>Manufacturing Business - Compton, CA</p> <ul style="list-style-type: none"> ▪ Service Provided: Pre-permit meeting with regulatory agencies ▪ Agencies Involved: Department of Water and Power, Air Quality Management District, County Public Works, Air Resources Board, CalRecycle.
<p>Cottage Food Business - Imperial Valley</p> <ul style="list-style-type: none"> ▪ Service Provided: Provide information of the state’s current Food Cottage Law and permit requirements. ▪ Agencies Involved: Calxico Neighborhood House Cottage Food program, County Health Department, City Building and Planning, Office of Assemblymember Eduardo Garcia 	<p>IT Tech Consulting - Orange County</p> <ul style="list-style-type: none"> ▪ Service Provided: Basic permit information of starting a small business and other GO-Biz programs ▪ Agencies Involved: None
<p>Non-Profit-Counseling Service - Pasadena</p> <ul style="list-style-type: none"> ▪ Service Provided: Resolved delayed process for City Business license with the City of Pasadena ▪ Agencies Involved: City of Pasadena City Planning and City Council Staff 	<p>Minor Waste Tire Business - Compton</p> <ul style="list-style-type: none"> ▪ Service Provided: Need to obtain Workers Compensation Insurance and new Surety Bond Company. Company has applied to become a major waste tire facility. ▪ Agencies Involved: Calrecycle, SBDC,

	County of Los Angeles
Developer New Housing Project - Los Angeles <ul style="list-style-type: none"> ▪ Service Provided: Pre-permit meeting of possible permits required for Modular Homes using steel. ▪ Agencies Involved: City of Los Angeles Building and Planning, County of Los Angeles Sanitation, Department of Water and Power. 	Cosmetics Company - Three coastal areas <ul style="list-style-type: none"> ▪ Service Provided: Determined authority of and issues from agencies ▪ Agencies Involved: State Parks, Coastal Commission, State Lands Commission, three cities and a county
Wood Cabinet Product - Northern California <ul style="list-style-type: none"> ▪ Service Provided: Determined authority of and issues from agencies ▪ Agencies Involved: Coastal Commission, State Lands Commission, State Water Resources Control Board, San Joaquin Valley Air Pollution Control District, a port, two cities and two counties 	Winter Sport - North Sierra <ul style="list-style-type: none"> ▪ Service Provided: Determined authority of and issues from agencies ▪ Agencies Involved: California Department of Fish & Wildlife, US Forest Service, US Fish and Wildlife Services
Renewable Fuels - Northern California <ul style="list-style-type: none"> ▪ Service Provided: Determined permit restrictions on several parcels of land in the Bay Area ▪ Agencies Involved: Coastal Commission, State Lands Commission, State Water Resources Control Board, Bay Area Air Quality Management District, California Department of Fish & Wildlife, Bay Conservation & Development Commission, and two cities 	

Business Process Improvement

OPA staff convenes and works with regulating departments and agencies to streamline permitting processes and promote best practices that improve the permitting and regulatory climate in California.

Streamlining Processes

In 2014, GO-Biz and the Government Operations Agency partnered to offer a Lean 6-Sigma implementation program to state departments that addresses process-based issues that cause delays in services to both internal and external stakeholders. Over a 6-month period, participants receive training on complex analytical and statistical tools applied within departmental projects that identify waste and inefficiencies in processes. This training is then applied to actual processes within state government. Lean 6-Sigma tools track number of process steps, cycle time and lead time, defect rates, percent of on-time delivery, etc. Since the program's inception, 79 Lean 6-Sigma projects have been completed from nine state agencies.

A total of 20 projects were completed during this reporting period. Agencies that participated include Health & Human Services, Business Consumer Services & Housing, Environmental Protection Agency, Government Operations, Transportation, and Labor & Workforce Development.

The following are Lean 6-Sigma projects with an impact to permitting, licensing, inspections and enforcement actions that were completed during this reporting period:

HEALTH & HUMAN SERVICES AGENCY

- **Department of Social Services Home Care Aide Registration Process**
 - **Problem Statement:** The application process for home care aide (HCA) registrants takes too long which delays help for the people in need of these services. The goal is to reduce the registration processing times to five days or less for 95% of registrant applicants without a criminal background.
 - **Baseline:** Average processing time for an application is 26 days with 43% taking greater than five days.
 - **Achievement:** Increase the number of online applications submitted by addressing the barriers to using the online application and increasing industry education efforts. This also included mitigating the lack of CCL relationships, fixing system errors, removing process entry points through the background checks and other related errors. Upon the successful implementation, the projected processing time is projected to be four days.

BUSINESS CONSUMER SERVICES & HOUSING AGENCY

- **Department of Business Oversight Licensing Amendment Process**
 - **Problem Statement:** The licensing operation had significant backlogs that resulted in delays in delivering timely amendments to licensees. As a result, the operation was not consistently meeting the statutory guidelines set forth by Legislature and was not satisfying customer expectations. The objective of this project was to reduce license amendment completion time so that 95% are completed within 14 days.
 - **Baseline:** License amendment completion time averaged 76 days with 76% completed in greater than 14 days.
 - **Achievement:** The team improved the license amendment cycle time through reduced intra-office wait times, elimination of rework loops, improving contingencies for missing personnel, and increasing accountability through visual management. These improvements resulted in the elimination of the backlog and significantly improved completion times to an average of 1.9 days. Since the improvements were

implemented approximately 400 amendments have been completed in less than 14 days.

- **CalRecycle Beverage Container Recycling Application Renewal Process**
 - **Problem Statement:** The average renewal application processing time is over 70 days. The goal of this project is to improve the process so that 95% of renewal applications are completed within 30 days.
 - **Baseline:** 98% of the applications take more than 30 days to process.
 - **Achievement:** The team developed a renewal application checklist to include as part of the application. Modified application to eliminate documents. It changed internal policy to shorten the initial review time of application. As a result, the average time has been reduced from 70 days to 45 days with a nine-time increase in number of applications processed in less than 30 days.

ENVIRONMENTAL PROTECTION AGENCY

- **State Water Resources Control Board Environmental Lab Accreditation Process**
 - **Problem Statement:** The Environmental Lab Accreditation Program, ELAP is unable to accredit all applicant environmental testing laboratories in the required time frame of 90 days. The project objective is to accredit 95% of applicant laboratories within 60 days.
 - **Baseline:** The average completion is 171 days with 22% of accreditations complete in 60 days.
 - **Achievement:** The process was analyzed to remove waste, streamline the process and improve efficiency. The team identified a key bottleneck and determined missing test results and a large number of assessments per staff also contributed to delays. Work was standardized and checklists developed, removing 16 steps. A pilot implementation of the new process resulted in 95% of laboratories being completed within 60 days.
- **Central Valley Regional Water Quality Control Board NPDES Permitting Process**
 - **Problem Statement:** The average time required to issue the preliminary draft for an individual NPDES permit within the Central Valley Region is 8 months. The project objective is to reduce the time it takes from application to issuance of preliminary permit, from eight months to 45 days.
 - **Baseline:** The average permit completion time is 170 calendar days with no permits completed in less than 45 days.
 - **Achievement:** The process was analyzed for value and efficiency. Waste was eliminated, reducing the total steps from 31 to 26 steps and the review steps from 11 to five steps. Tools are scheduled for updating, offices are standardizing on the process and key steps have been moved to earlier in the process. With these improvements, the expected permit completion time is 95% within 45 days.
- **Department of Toxic Substances Control Inspection Process:**
 - **Problem Statement:** From 2014-2016 DTSC completed about 84% of inspections within 65 days, as required by statute. The goal for this project is to complete and submit inspection reports within 30 days.
 - **Baseline:** 49% of inspections are completed within 30 days.

- **Achievement:** The team developed a new, simplified template, piloted, and implemented it. Procedure changes for ensuring sampling kits are brought to all inspections and the new review process was simplified. New estimated average inspection report submission is expected to be approximately 13 days, with greater than 85% completed in less than 30 days.
- **Department of Toxic Substances Control Penalty Assessment Process:**
 - **Problem Statement:** Penalty assessment is a significant factor contributing to delays in enforcement. This project will significantly reduce this penalty assessment time and will greatly reduce the resources required to enforce penalties.
 - **Baseline:** The average time to assess a penalty for basic violations is between 259 days and 640 days.
 - **Achievement:** Process was reduced from over 50 steps to 2 steps by creating a penalty determination team that will eliminate all rework and delays in enforcement. The new process was piloted and the resulting penalty assessment time was reduced to less than 14 days.
- **Department of Toxic Substances Control CEQA Determination Process:**
 - **Problem Statement:** The timing, method, and content of California Environmental Quality Act (CEQA) consultation between the Cleanup Program & Office of Planning & Environmental Analysis (OPEA) is not well-defined, which can result in significant project delays. The objective is to reduce the project lead times from end-of- site characterization to a decision determining the level of CEQA analysis required based on the project and possible project impacts so 95% of the consultations are completed within 30 days.
 - **Baseline:** The average consultation timeframe is 101 days and 48% within 30 days.
 - **Achievement:** Root causes of delays and errors were determined by the team and earlier consultation with the Cleanup Program and OPEA was identified as critical. Process checklists were designed. The new process was piloted and the results showed a reduction in average time from 101 days to 30 days.

For a complete list of all 20 projects, please visit the Lean 6-Sigma program webpage, see link here: <http://business.ca.gov/Programs/Permit-Assistance/Lean-Six-Sigma-Program>

Promoting Best Practices in Permitting

The "Breaking Barriers to Doing Business" (B³) Program (<http://business.ca.gov/Programs/Permit-Assistance/Breaking-Barriers-To-Doing-Business>) was developed by OPA to highlight the good work of public-private partners to make it easier to do business in California. "B³ Champions" can be found at all levels of government and are recognized to share their best practices in improving permitting, customer service, and business process, all of which impact economic development.

In 2017, the California Secretary of State's Office's Digital Business Initiative was recognized by GO-Biz for its work to digitize how businesses file and search for important business documents. See the full article here: <http://business.ca.gov/Portals/0/Files/B3-SOS-DigitalBusiness-CAGovernment.pdf?ver=2017-10-05-164842-453×tamp=1507222163588>

Community Outreach and Support

OPA is involved in various community outreach and support events. Captured below are some of the areas of outreach by OPA staff for the reporting period.

- **Newark Small Business Seminar**- February 2017: Presented and staffed a booth to inform business owners and partner agencies about resources and services available.
- **Cannabis Inclusionary Entrepreneurship Roundtable with Assemblymember Rob Bonta**- April 2017: Served panel with other state departments to provide information on OPA services and GO-Biz administration of the Community Reinvestment Grants Program, established by Proposition 64.
- **Fresno County Outreach** – August 2017: In partnership with the Fresno Area Hispanic Foundation, OPA convened a round table discussion to provide an overview of GO-Biz services and resources and discuss ways to assist businesses achieve short and long term goals. Over 30 small businesses and elected officials were in attendance at the Downtown Business Hub for a morning session.
An evening session was held in Firebaugh, with representatives from the cities of Firebaugh, Mendota and San Joaquin in attendance.
- **Plumas County Outreach** – August 2017: In partnership with local officials in Plumas County, OPA met with local businesses to learn and discuss business-related issues impacting the local community. Businesses and local elected officials in Quincy and Portola were in attendance. Follow-up action items included looking into training funds for the local mill as well as helping to resolve permitting issues for a local tourism company.
- **US Small Business Administration (SBA) – Taking Training to the Sierras** – August 2017: Led by the SBA, OPA staff provided information on the GO-Biz programs and resources available to the business community in the Sierra Nevada region. Future meetings are planned in 2018.
- **East Kern Economic Alliance**- September 2017: OPA provided information on GO-Biz services and resources available to the business community in California City. Follow-up action items included resolving permitting issues for local cultivators, an impact to 200 businesses.
- **Agricultural Business Workshop** – September 2017: OPA presented and staffed a booth to inform business owners and partner agencies about resources and services available in Bakersfield.
- **Kern County Roundtable Discussion** – September 2017: OPA staff held a roundtable discussion with local Kern County community members to learn and discuss areas of improvement and opportunity to help address struggles within the business community in Bakersfield.
- **Yuba/Sutter County Outreach** – September 2017: OPA led a discussion regarding the challenges and opportunities of economic development with jurisdictional leaders of Yuba and Sutter Counties.

- **Silicon Valley Economic Development Alliance** –September 2017: OPA staff provided information on CalGOLD and other services and resources available to the businesses.
- **Purple Heart Patient Center: Road to Regulation: California Cannabis Licensing and Regulations** – September 2017: OPA served on a panel with other state departments to provide information on cannabis regulations, services and resources available.

CA Business Portal Regulations, Permits & Compliance Interagency Committee

OPA staff continues to host an Interagency Committee comprised of state regulating entities and GO-Biz to discuss ways to improve the California Business Portal affiliated webpages that help businesses identify their requirements to start, expand and stay in compliance. The committee also offers a means for regulating entities to better collaborate in their regulating activities and discuss and consolidate duplicative activities in regulating specific industries. During this reporting period, the committee met a total of five times during the reporting period.

- November 16, 2016
- February 8, 2017
- May 10, 2017
- July 12, 2017
- September 13, 2017

Major Highlights:

- Feedback on the American Disability Act (ADA) compliance page found on the Business Portal. OPA staff took suggested feedback and made changes to the page.
- Feedback on Proposition 65 page. OPA staff made changes to the Proposition 65 compliance page on the Business Portal and incorporated Proposition 65 language on all Quick Start Guides.
- Updated the Board of Equalization information to incorporate the new California Department of Tax and Fee Administration representation.

The following 21 regulatory agencies participated:

1. Franchise Tax Board
2. California Commission of Disability Access
3. Office of Administrative Law
4. Department of Motor Vehicles
5. Business Consumer Services & Housing Agency
6. Secretary of State's Office
7. Department of Industrial Relations
8. Alcoholic Beverages Control Department
9. Department of Business Oversight
10. Natural Resources Agency
11. Office of Environmental Health Hazard Assessment
12. State Controller's Office

13. California Department of Food and Agriculture
14. Department of Transportation
15. California Environmental Protection Agency
16. CA Department of Public Health
17. Department of Toxic Substances Control
18. Employment Development Department
19. Board of Equalization
20. California Air Resources Board
21. Housing Community Development

OPA staff is also involved with providing input to various agencies on matters with an impact to environmental and climate change programs, including:

Air Resources Board Regulation Study – OPA is reviewing a study on the cost of regulations on the agriculture industry in the Central Valley. OPA met with ARB staff and continues to monitor.

California Forest Biomass Working Group – This is a US Forest Service supported effort. OPA participates in meetings and discussions about wood product development.

California Roundtable for Agriculture and the Environment (CRAE) – OPA participates with State and federal agencies and public interest groups to discuss and study California agricultural issue. OPA helped to develop a focus on the wood biomass issue, resulting in CRAE working to produce a white paper analysis and annual symposium on the issue.

Office of Public Research Biochar Research Advisory Council – OPA participates every 1-2 months to provide an economic development perspective and feedback on research questions.

Tree Mortality Task Force – OPA Staff regularly participates with many state, federal and local agencies in helping to develop markets and pursue projects for trees from High Hazard areas, working closely with the Market Development Working Group. OPA also monitors the Forest Health, Bioenergy, and Regulations Working Groups.

Little Hoover Commission - Report on Forest Management – OPA assisted in the development of testimony and comments on the draft report and recommendations. OPA continues to monitoring its progress.

SB 859 Legislative Report – OPA assisted in the review of the draft and final reports.

Rural Economic Development Steering Committee and Working Groups – OPA participated in the development and focus of the membership of these groups. OPA will participate in the Barriers Working Group and monitor the Workforce Development and Innovations Working Groups.

Committee and Association Participation

- Northern California Forestry Association annual meeting, August 2017
- California Almond Board, February 2017
- California Biochar Association, February 2017
- Rural Economic Initiative, April 2017
- Rural County Representatives California (RCRC) Annual Conference, September 2017